



# Federal Resources Face-to-Face June 27, 2011

# Michigan Department of Attorney General

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Charitable Trust Section

P.O. Box 30214

Lansing, MI 48909

(517) 373-1152

[www.michigan.gov/agcharities](http://www.michigan.gov/agcharities)

# Charitable Trust Section

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- Part of Consumer Protection Division
- Primary responsibility for charitable trusts
- Administers Public Safety Solicitation Act

# Charitable Trust Section

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- Educate the public to encourage wise giving
- Educate charities on legal requirements
- Maintain database on approximately 13,000 charitable trusts and 7,000 soliciting charities ( [www.michigan.gov/agcharitysearch](http://www.michigan.gov/agcharitysearch))
- Respond to citizen complaints/inquiries
- Take enforcement actions

# Defining a charity

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- Corporation, trust or unincorporated assn.
- Charitable purpose to benefit the public
- Indefinite beneficiaries—not identified individual or family
- Usually 501(c)(3) of the Internal Revenue Code

# Term “Charitable Trust”

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Charitable purpose corporations are charitable trusts—

- when the first dollar, can of soup, or used coat is received for a charitable purpose,
- the donor entrusts the organization with a donation for a charitable purpose

## Golden Rule For Charities

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**Use public support for the  
purposes for which it was  
solicited or received.**

# Role of the Attorney General with Charities

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- Cradle to Grave
- The Attorney General has regulatory and oversight responsibilities regarding a charity:
  - From its “birth” and funding
  - Throughout its existence
  - At its dissolution or termination



# Role of the AG Charitable Trust Section

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Three major statutes:

- Supervision of Trustees for Charitable Purposes Act (CT)—registers organizations and monitors charitable assets
- Charitable Organizations and Solicitations Act (COSA)—registers charities to solicit and licenses their fundraisers
- Dissolution of Charitable Purpose Corporations Act—ensures assets distributed for like purpose

# Nuts & Bolts

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Unless it qualifies for an exemption, an organization should file forms with Charitable Trust Section if:

- It is a charity raising funds in Michigan (probably needs to register under COSA)
- It is a charity located or holding assets in Michigan (probably needs to register under Charitable Trust Act)

# Common Exemptions to COSA and CT act

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- Educational institutions
- Veterans organizations
- Michigan Hospitals
- Religious organizations
  - If files Form 990 with IRS, likely does not meet religious exemption with Attorney General

# COSA Registration Exemptions

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- An all-volunteer organization that solicits or receives less than \$25,000 per 12-month period
  - Contributions include cash and non-cash items
  - Do not include governmental grants or restricted grants from foundations toward \$25,000 threshold
  - If anyone is paid for helping on fundraising, registration is required regardless of amount raised

# COSA Registration Exemptions

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- Hospital-based foundations and auxiliaries
- An organization whose sole source of contributions is registered under COSA
- An organization that only solicits its members, directors, and immediate families

See Sec. 13 of COSA or Request for Exemption form for others

# CT Act Registration Exemptions

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- Amateur theater, band, orchestra groups
- An organization that receives operating funds from United Way

See Sec. 3 of CT act or Request for Exemption form for others

# Who Should File?

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- Nonprofits that are clearly not charities do not have to file these forms with the Attorney General (labor unions, social clubs, etc.)
- Charities should first determine if they qualify for any of the filing exemptions

# Charitable Trust Section Forms

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- Online at [www.michigan.gov/agcharities](http://www.michigan.gov/agcharities)
- No filing fees
- Submit two ways:
  - Complete online PDF form— print, mail
  - E-File—through website link



# Charitable Trust Section Forms

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- Primary Forms:

- Request for Exemption

- Tells you which forms you should file

- Initial Solicitation Registration Form

# Request for Exemption form

Print Form

AUTHORITY: 1975 PA 169  
1991 PA 101  
PENALTY: civil, criminal

STATE OF MICHIGAN  
DEPARTMENT OF ATTORNEY GENERAL  
CHARITABLE TRUST SECTION

**REQUEST FOR EXEMPTION**  
Charitable Organizations and Solicitations Act (COSA)  
Supervision of Trustees for Charitable Purposes Act (STCPA)

Complete this form to request exemption from the two acts listed above. Some exemptions apply to both acts. Although you may be exempt from licensing under COSA, registration may be required under STCPA and vice versa.

PLEASE TYPE OR PRINT IN INK - Attach additional pages if more space is needed.

Legal Name of Organization				Attorney General File # (CSCT/T) if applicable	
Address of Organization					
City	County	State	Zip	Area Code	Telephone Number
Organization Email Address		Website		Organization Fax Number	
Other names used by organization in solicitations				Employer Identification Number (EIN)	

## GENERAL INFORMATION

A. Type of Organization - Check one

- ☐ Nonprofit corporation - State of Incorporation \_\_\_\_\_ Date incorporated \_\_\_\_\_  
If incorporated in Michigan, provide your Corporate Identification Number: \_\_\_\_\_ Attach copy of bylaws.  
If not incorporated in Michigan, attach copies of your articles of incorporation, bylaws and, if applicable, Mich. Certificate of Authority.
- ☐ Trust - Attach a copy of the trust instrument
- ☐ Unincorporated association - Attach a copy of your Articles of Association, Constitution and Bylaws, or other organizing document

# Request for Exemption form

## MICHIGAN DEPARTMENT OF ATTORNEY GENERAL REQUEST FOR EXEMPTION

D. Specific exemptions. Check all that apply to this organization.  
Provide the information or documentation listed in the right column for any box you check.

See number 19 at end to determine if any additional forms must be filed.

Exemption	Required information or documentation
<b>Section I</b> <i>The exemptions in the following section apply to both COSA and STCPA.</i>	
<input type="checkbox"/> 1. An organization that requests contributions only for the relief or benefit of a named individual or family with all fundraising conducted by persons who are unpaid for their service.	Enter the name, address, and telephone number of the beneficiary: _____
<input type="checkbox"/> 2. An organization approved as an educational institution by the Michigan Board of Education.	Attach appropriate documentation from the Michigan Department of Education.
<input type="checkbox"/> 3. A veterans organization chartered under federal law.	Submit proof of federal charter.
<input type="checkbox"/> 4. A hospital licensed in the State of Michigan.	Provide a copy of the hospital license.
<input type="checkbox"/> 5. A school booster organization or parent-teacher organization operating with the knowledge and approval of a school for the support or promotion of educational, artistic, musical, or athletic programs or events.	Provide the name of the school and attach documentation of its knowledge and approval:
<input type="checkbox"/> 6. A governmental unit or instrumentality.	Attach explanation and copies of appropriate documentation.
<input type="checkbox"/> 7. An advocacy or lobbying organization, or an organization associated with an advocacy organization, political party, candidate or committee.	Attach explanation, articles of incorporation and IRS determination letter.
<input type="checkbox"/> 8. A duly constituted religious organization or group affiliated with and forming an integral part of a religious organization. <i>Note - If the organization's IRS 501(c)(3) determination letter requires it to file a Form 990, 990-EZ, or 990-N, the organization likely does not qualify for this exemption.</i>	Attach explanation and copies of appropriate documentation.
<input type="checkbox"/> 9. A nonprofit service club or organization that is tax exempt with the IRS under a section other than 501(c)(3) whose principal purpose is not charitable but that solicits from time to time for a charitable purpose. <i>Note - To qualify for this exemption:</i> <ul style="list-style-type: none"><li>All fundraising must be performed by members of the organization who are not paid for their services.</li><li>All funds must be wholly used for the purposes for which they were solicited.</li></ul>	If the organization annually files a Form 990 or 990-EZ with the IRS, provide a copy to the Charitable Trust Section.  If the organization enters into a contract with a professional fundraiser for any event or activity, you must provide a copy of the contract to the Charitable Trust Section and apply for a solicitation license.
<b>Section II</b> <i>The exemptions in the following section apply only to COSA.</i>	
<input type="checkbox"/> 10. An organization that confines solicitations to drives held not more than quarterly among members and their immediate families only, where the general public is not invited to become a member. This includes a private foundation for IRS tax purposes that receives contributions solely from incorporators, directors, stockholders or their families, or from a sponsoring business.	Attach an explanation of your membership requirements, your solicitation activities, and/or your relationship with expected contributors.
<input type="checkbox"/> 11. An organization whose sole source of contributions is a charitable organization licensed with this office to solicit contributions.	Enter the name and license number of the organization:
<input type="checkbox"/> 12. A hospital-based foundation or auxiliary that solicits contributions solely for 1 or more licensed hospitals. <i>See instructions.</i>	Enter the name of the parent hospital:

## MICHIGAN DEPARTMENT OF ATTORNEY GENERAL REQUEST FOR EXEMPTION

Exemption	Required information or documentation
<input type="checkbox"/> 13. An all-volunteer organization that does not intend to solicit and receive, and does not actually receive, contributions in excess of \$8,000.00 during any 12-month period.  Do not include grants from governmental agencies or restricted grants from foundations when calculating contributions. See instructions.  <i>Note - To qualify for this exemption:</i> <ul style="list-style-type: none"><li>All fundraising functions must be conducted by persons who are not paid for their services.</li><li>The organization must make a financial statement of its activities of its most recent fiscal year available to its members and the public.</li></ul>	Provide a copy of your latest IRS 990, 990-EZ, or 990-PF. If you have not prepared an IRS return, provide a financial statement or treasurer's report. If you are a newly created organization in your first fiscal period, you do not have to provide a financial statement at this time.  Attach a schedule of all governmental grants and restricted grants from foundations received during the year of your financial report.
<input type="checkbox"/> 14. A nonprofit corporation whose purpose is the owning and operating of facilities for the aged and chronically ill that is under the sole control of a religious or fraternal society.	Provide proof of sole control by a religious or fraternal society.
<input type="checkbox"/> 15. An organization at least 50% of whose activities are licensed by the State of Michigan to serve children and families.	Enter the name of the state licensing agency and your license number:
<b>Section III</b> <i>The following section applies only to the STCPA.</i>	
<input type="checkbox"/> 16. An organization incorporated or organized in a state other than Michigan that holds no assets in Michigan, including cash, savings accounts, investment accounts, land, building, equipment, etc.	
<input type="checkbox"/> 17. An organization that is a United Way Agency and receives operating funds or grants from United Way.	Identify the specific United Way office:
<input type="checkbox"/> 18. An amateur theater, band, orchestra, choral or dance corporation.	
<b>19. Key:</b>	<b>Additional forms to provide (available on Charitable Trust Section website)</b>
If you checked a box in Section I, or	None
If you checked boxes in more than 1 section:	
If you checked a box in Section II and did not check a box in Sections I or III:	Charitable Trust Registration Statement and Inventory forms
If you checked a box in Section III and did not check a box in Sections I or II:	Initial Application / Registration

You will be notified in writing if your request for exemption has been approved.

## CERTIFICATION

Under penalties of perjury, I certify that I am authorized to sign this document for the organization and that to the best of my knowledge and belief the information provided, including all attachments, is true, correct, and complete.

Signature \_\_\_\_\_ Title \_\_\_\_\_

Print name \_\_\_\_\_ Date \_\_\_\_\_

Address of contact person/signer if different than organization \_\_\_\_\_ Telephone number of contact person \_\_\_\_\_

THIS IS A PUBLIC RECORD, COPIES OF WHICH ARE SENT, UPON REQUEST, TO ANY INTERESTED PERSON.

# Which Form(s) Do I File?

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- If you do not meet any exemptions in either COSA or CT act:
  - Initial Solicitation Registration Form
- If you meet exemptions in both COSA and CT act:
  - Request for Exemption form

# Which Form(s) Do I File?

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- If you are exempt from CT act but not COSA:
  - Initial Solicitation Registration Form
  - Request for Exemption form
  
- If you are exempt from COSA but not CT act:
  - Charitable Trust Registration Statement
  - Charitable Trust Inventory
  - Request for Exemption form

All forms are available on website

# Initial Solicitation Registration Form

## Instructions begin on page 1

STATE OF MICHIGAN  
DEPARTMENT OF ATTORNEY GENERAL  
CHARITABLE TRUST SECTION

### INITIAL SOLICITATION REGISTRATION FORM

#### INSTRUCTIONS

##### GENERAL INFORMATION

**Applicable law** – This form has dual registration purposes. First, it is to be used by organizations that intend to register and solicit or receive contributions in Michigan under the Charitable Organizations and Solicitations Act, 1975 PA 169, MCL 400.271 et seq.(COSA).

Second, it also serves as the registration form for organizations required to register under the Supervision of Trustees for Charitable Purposes Act, 1961 PA 101, MCL 14.251 et seq. (STCPA).

**Exemptions** – Both COSA and STCPA contain certain exemptions from their respective registration requirements. To see if you qualify for exemption from one or both acts, refer to the [Request for Exemption](#) form.

**Initial registration** – This form is for organizations that have never filed with the Michigan Department of Attorney General, Charitable Trust Section, to solicit or receive contributions in Michigan. Organizations previously registered by the Charitable Trust Section, including those with expired registrations, should use the renewal form.

**Renewal registrations and extensions** – Your registration will expire 7 months after the close of your fiscal year. Renewal registration forms are due 30 days before the expiration of your registration. If you need an extension of time to file the renewal registration form, it must be requested in writing before the license expires. Extensions will generally be for 5 months. They will not extend beyond IRS allowable extensions.

**Use of file number** – Your organization will be assigned a file number that must be used on all forms and correspondence with this office. New organizations will be assigned a temporary file number beginning with the letter "T." Upon finalization of registration, the prefix will change but the number will not change.

**Fees** – There are currently no fees for the solicitation or charitable trust registrations.

**IRS return required** – Unless you file Form 990-N, or are a newly created organization as described in the specific instructions, your Form

in accordance with IRS instructions. If you do not follow IRS instructions, we may question the return even if the IRS does not. All applicable schedules and attachments required by the IRS form or instructions must be submitted. However, if you file Form 990 or 990-EZ, do not provide a copy of Schedule B, Schedule of Contributors.

**Unified Registration Statement (URS)** – The URS was developed to consolidate the requirements of all states that regulate solicitations and fundraising. The Charitable Trust Section will accept the URS in lieu of this registration form.

For more information, see [www.multistatefiling.org](http://www.multistatefiling.org).

**Contact information** – See page 8 for contact information. Also, visit our website at: [www.michigan.gov/agcharities](http://www.michigan.gov/agcharities).

**Filing the registration form**– You may register by mail or e-filing. See page 8 for our mailing address.

To e-file your registration, go to the Attorney General's website: [www.michigan.gov/agcharities](http://www.michigan.gov/agcharities). Scroll down to the link for [How to E-File or Mail Your Forms](#). Although some forms generated through e-filing are the previous generation of Charitable Trust Section forms, we will still accept them if they are e-filed as long as all currently required information is included.

You may verify that we have received the registration form by searching for the organization at [www.michigan.gov/AGCharitySearch](http://www.michigan.gov/AGCharitySearch). The search results will state, "Application/registration pending."

##### SPECIFIC INSTRUCTIONS

To avoid delays and unnecessary correspondence, answer all questions completely.

**Names** – Enter the organization's exact legal name on the registration form. This will be the same name that is currently on your articles of incorporation or other organizing document. If you use any names other than the legal name, enter each name on the registration form in the space *All other names under which you intend to solicit*.

##### PART I – GENERAL INFORMATION

**Item 4.** Summarize in 50 words or less the organization's charitable purposes. This summary

# Initial Solicitation Registration Form begins on page 5

CTS-01  
AUTHORITY 1975 PA 169  
1981 PA 101  
PENALTY: civil, criminal

STATE OF MICHIGAN  
DEPARTMENT OF ATTORNEY GENERAL  
CHARITABLE TRUST SECTION

## INITIAL SOLICITATION REGISTRATION FORM

Full legal name of organization	Atty Gen File # (if applicable)
All other names under which you intend to solicit	Employer Identification Number (EIN)
Telephone number	Fax number
Organization email address	Organization website

All questions must be answered. Provide additional sheets if necessary.

### PART I GENERAL INFORMATION

1. Organization addresses –

A. Organization mailing address.

B. Street address of principal office. If the organization does not maintain a principal office, provide the name and address of the person having custody of the financial records.

C. Provide the county in which the principal office, or person having custody of financial records, is located.

D. Provide the address of any office in Michigan.

2. Type of Organization - Check one:

- ☐ Nonprofit corporation - State of incorporation \_\_\_\_\_ Date incorporated \_\_\_\_\_  
If incorporated in Michigan, provide your Corporate Identification Number: \_\_\_\_\_ Provide copy of bylaws.  
If not incorporated in Michigan, provide copies of your articles of incorporation, bylaws and, if applicable, Mich. Certificate of Authority.
- ☐ Trust – Provide a copy of the trust instrument.
- ☐ Unincorporated association – Provide a copy of your Articles of Association, Constitution and Bylaws, or other organizing document.
- ☐ Other – explain and provide a copy of the relevant document: \_\_\_\_\_

3. Federal Tax Exempt Status – Check one:

- ☐ Exempt under 501(c)(3) – Provide a copy of your determination letter.
- ☐ Exempt under another section: Section 501(c) \_\_\_\_\_ Provide a copy of your determination letter.
- ☐ Applied, or will apply, for tax exempt status under Section 501(c) \_\_\_\_\_. Date of application \_\_\_\_\_
- ☐ The organization is not tax exempt and will not apply for tax exempt status. Explain: \_\_\_\_\_

4. Summarize the organization's charitable purposes in 50 words or less. Do not simply quote articles of incorporation or required 501(c)(3) language.

# Initial Solicitation Registration Form

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## Part I – General information including:

- Type of organization
- Tax exempt status
  - Not necessary to already have achieved it
- Organization's purpose
  - This summary will be provided on website
- Resident agent
- Methods of solicitation
- Also provide list of board of directors



# Initial Solicitation Registration Form

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## Part II – Information on Professional Fundraisers (PFRs)

- Report on contracts with PFRs and how much they were paid

# Initial Solicitation Registration Form

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## Part III – Financial information

- Many organizations that were just formed will have none to report
- If “newly created” and in first fiscal period check box in Part III and provide date first fiscal period will end

# Initial Solicitation Registration Form

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## Part III - Financial Information

For a fiscal period that is completed:

- If you do not file 990, 990-EZ, or 990-PF, complete 12A and 12B on form
- If you file IRS Form 990, 990-EZ, or 990-PF, provide a copy of return
- Larger organizations must also provide audited or reviewed financial statements (See 13 on form)

# Issuing Charitable Solicitation Registration

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- After Solicitation Registration Form has been submitted and processed, we will send you a Charitable Solicitation Registration that includes:
  - Registration number
  - Registration expiration date
  - Other information and responsibilities

# Charitable Solicitation Registration Issued

REGISTRATION #  
MICS 10300

STATE OF MICHIGAN  
DEPARTMENT OF ATTORNEY GENERAL



BILL SCHUETTE  
ATTORNEY GENERAL

EXPIRATION DATE:  
January 31, 2012

Michigan Nonprofit Association  
1048 Pierpont Ste 3  
Lansing, MI 48911

## **CHARITABLE SOLICITATION REGISTRATION**

### **Michigan Nonprofit Association**

1. **The renewal form for this registration is due no later than January 01, 2012.**  
This is 30 days prior to the expiration date shown above. Please calendar the date now.  
Forms are available on the Attorney General's web site at: [www.michigan.gov/agcharities](http://www.michigan.gov/agcharities)  
or may be requested by contacting the Charitable Trust Section at (517) 373-1152.
2. **Extension of the registration may be requested if required information will not be available prior to the renewal due date.** A written request for an extension must be received on or before the above expiration date of the registration.
3. **Throughout the year, notify us within 30 days of changes in the following:**
  - Name or address
  - Resident agent
  - Fiscal year end
  - Amendments to the bylaws or constitution of the organization
  - Amendments to your articles of incorporation, assumed names or name changes
  - If any other state has prohibited solicitation activity by your organization
  - Board of directors
  - Methods of soliciting donations
  - Purposes
4. **Any contracts you enter into with professional fundraisers must be submitted to our office within 10 days of execution.** Charities must verify the licensure of their professional fundraiser.
5. **If you no longer need to register because the organization now meets exemption criteria, or if it is ceasing operations or merging with another organization, please notify our office.**

Charitable Trust Section  
P.O. Box 30214  
Lansing, Michigan 48909

Phone: 517-373-1152  
Fax: 517-241-7074  
Email: [ct\\_email@michigan.gov](mailto:ct_email@michigan.gov)  
Website: [www.michigan.gov/agcharities](http://www.michigan.gov/agcharities)

# Renewing Solicitation Registration

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- Use Renewal Solicitation Registration form on website
- Renewal registration is due 30 days prior to expiration date
- Extensions for filing are available (requests must be received in writing before expiration)

# Internet & Multi-State Solicitation

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- Websites—is solicitation registration necessary?
- If contributions are solicited, the same licensing criteria apply in Michigan:
  - \$25,000/12-month period
  - someone involved in fundraising is paid

# Internet & Multi-State Solicitation

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Approx. 40 states regulate fundraising with different:

- Filing thresholds
- Fees
- May cover other types of nonprofits
- Register other types of fundraising arrangements



# Internet & Multi-State Solicitation

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## Options:

- Include statement on website that the organization will not accept out-of-state gifts
- Contact other state charity offices if target persons there or receive ongoing or substantial contributions
  - usually Attorney General or Secretary of State

# Internet & Multi-State Solicitation, cont'd

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- State contacts and requirements:  
[www.nasconet.org](http://www.nasconet.org)  
[www.multistatefiling.org](http://www.multistatefiling.org)
- Unified Registration Statement (URS):
  - Single form accepted in nearly 40 states
  - Available at [www.multistatefiling.org](http://www.multistatefiling.org)

# Professional Fundraisers & Fundraising Consultants

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- Michigan definition: person or firm paid to plan, conduct, manage or carry on a solicitation drive or campaign
- Employees with compensation based on amount raised are professional fundraisers
- Must be licensed, bonded, and in many cases file campaign financial statements
- You are required to verify license status
- See list on website and [Tips for Hiring a Professional Fundraiser](#)

# Dissolving a Charity

Purpose: Ensure assets go to like charities

- Charitable corporations must:
  - Request AG approval to file Certificate of Dissolution with Corporation Division
  - Submit Dissolution Questionnaire (available on AG website)

# Some Good Financial Practices

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- Two signers on checks; no cash back on deposits
- Bank statements go to person in position of responsibility other than treasurer
- Give receipts for all sales, donations, and whenever money changes hands

# Good Financial Practices, cont'd

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- Number and inventory tickets sold
- Maintain detailed treasurer reports and open books for the board
- Limit credit card use
- Maintain written financial procedures

# Resources

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- [www.stayinglegalmi.org](http://www.stayinglegalmi.org)
- [www.mnaonline.org](http://www.mnaonline.org)

# [www.michigan.gov/agcharitysearch](http://www.michigan.gov/agcharitysearch)

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- Attorney General web page to:
  - Obtain report on a charity or public safety organization (police or fire group)
  - Search for licensed professional fundraisers
  - Confirm that the Charitable Trust Section has received your solicitation registration form
  - Verify that our information on your charity is accurate



[www.michigan.gov/agcharitysearch](http://www.michigan.gov/agcharitysearch)

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- Search for charities authorized to solicit donations in Michigan using multiple criteria:
  - Name
  - EIN
  - Purpose
  - Location

# Michigan Department of Attorney General

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Charitable Trust Section

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